

**CANADA MALTING CO.
LIMITED**



ANNUAL REPORT



**For Fiscal Year
Ending July 31, 1935**

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Report of the Directors to the Shareholders of
CANADA MALTING CO., LIMITED
For the Fiscal Year ending July 31, 1935

The Directors of CANADA MALTING CO., LIMITED, beg to present herewith Balance Sheet as at July 31, 1935, and Statement of Profit and Loss for the fiscal year ending on that date, as certified to by the Auditors of the Company, Messrs. Price, Waterhouse & Co.

Net profits for the year, after making provision for depreciation of machinery and plant, bad and doubtful debts, and Income Taxes, amounted to \$569,520.41. The decrease from the previous year was due to a lower volume of sales. As pointed out in the last report, an accumulated inventory was disposed of for export in 1934, and which was not available in 1935. Your plants operated at capacity during the period under review.

Export sales accounted for 37% of the total in the year ending July 1935, as compared to 53% during the previous period; domestic sales being 63% and 47% respectively. The increase in domestic sales can be attributed to the new Ontario law, which became operative in July 1934. Any further increase in this domestic volume must depend upon improvement of general conditions in the country.

Although the volume of export sales decreased in the year just completed, nevertheless they played a most important part in the resulting net earnings, as the margin of profit on export business was substantially higher in 1935 than in the previous year.

The item of investments consists of short date Government Bonds and sound Preferred Stocks, all readily marketable.

With regard to the increase in Fixed Assets—that in the Land Account represents the purchase of a small parcel of land adjacent to your plant in Montreal, and the purchase of improved and additional machinery with respect to the Plant and Equipment Account.

It is with deep regret that the Directors report the death of Mr. W. H. Mara (a Member of the Board) during the fiscal year. Mr. J. P. Heighton, Secretary-Treasurer of your Company and connected with it for many years, has been elected to fill this vacancy.

It is also with deep regret that we must report the death, in October of this year, of Mr. C. D. McFarland. Mr. McFarland, as well as being a Member of the Board, had been General Superintendent of the Company for many years and also in charge of operations in Montreal. He was a most valuable man to your Company, and his loss will be keenly felt.

In August of this year, Mr. Eric S. Clarke, who has had wide experience with your Company, was appointed to the position of Managing-Director.

Your plants have been maintained in first-class condition.

The Directors wish to express their appreciation of the efforts of the staff and employees.

Respectfully submitted on behalf of the Board.

A. C. MATTHEWS,
President.

CANADA MALT

Balance Sheet,

ASSETS

CURRENT ASSETS:

Cash on hand and in banks	\$	371,206.23	
Cash on deposit with Trust Company....		150,411.86	
Call loans—guaranteed, or secured by collateral		500,295.90	
Investment in stocks and bonds, at cost (Market value \$181,173.28)		178,559.87	
Accounts receivable, less reserve		697,923.95	
Inventories, as determined and certified to by responsible officials of the Company:			
Malt, barley, etc. (on the basis of market price of barley, which was less than cost)	\$	952,886.74	
Coal, bags, etc. (on the basis of cost)		24,548.39	977,435.13
			<u>\$2,875,832.94</u>

GRAIN EXCHANGE SEATS AND MEMBERSHIP IN CLEARING HOUSE, AT COST

17,200.00

DEFERRED CHARGES:

Prepaid taxes, etc.	\$	25,390.05	
Machinery repair parts and office supplies		20,000.00	
			<u>45,390.05</u>

FIXED ASSETS, based on appraised depreciated values as reported by Canadian Appraisal Company Limited as at June 25, 1927, plus subsequent additions at cost:

Land	\$	242,384.00	
Buildings		2,397,341.82	
Plant and equipment		1,888,945.57	
		\$4,528,671.39	
Less—Reserve for depreciation		1,151,738.66	
			<u>3,376,932.73</u>

\$6,315,355.72

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have examined the books and accounts of Canada Malting Co. with all the information and explanations which we have required; and up so as to exhibit a true and correct view of the state of the company's affairs, and the explanations given to us, and as shown by the books of the company.

TORONTO, October 10, 1935.

NG CO., LIMITED

July 31, 1935

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued liabilities	\$ 31,996.76
Municipal and other taxes	3,295.79
Reserve for Dominion and Provincial income taxes.....	123,000.00
	\$ 158,292.55

CAPITAL AND SURPLUS:

Capital Stock	\$4,441,960.00
/ Represented by 198,972 shares without nominal or par value. (Authorized 200,000 shares)	
Capital Surplus (no entries in this account during the year)	797,676.01
	\$5,239,636.01
Earned Surplus (as per statement attached)	917,427.16
	6,157,063.17

Approved on behalf of the Board.

A. C. MATTHEWS, Director.

H. C. HATCH, Director.

\$6,315,355.72

Limited for the year ending July 31, 1935, and have been furnished
a report that, in our opinion, the above balance sheet is properly drawn
affairs as at July 31, 1935, according to the best of our information and

PRICE, WATERHOUSE & CO.,
Chartered Accountants.

CANADA MALTING CO., LIMITED

Statement of Profit and Loss and Earned Surplus For the Year Ending July 31, 1935

PROFIT AND LOSS

Particulars	Amount
Profit from operations after charging all manufacturing, selling and general expenses, but before providing for the under-noted charges	\$933,773.54
Income from investments, etc.	9,847.05
	<u>\$943,620.59</u>
<i>Deduct—</i>	
Directors' fees	\$ 1,640.00
Total amount paid as counsel and solicitors' fees, and salaries, bonuses and fees of executive officers and directors (totalling five in all) who hold salaried positions in the company	56,817.18 58,457.18
<i>Profit for the year, before providing for depreciation and income taxes</i>	<u>\$885,163.41</u>
<i>Deduct—</i> Provision for depreciation	200,000.00
	<u>\$685,163.41</u>
<i>Deduct—</i> Provision for Dominion and Provincial income taxes	115,643.00
<i>Net Profit for the year carried to Earned Surplus</i>	<u><u>\$569,520.41</u></u>

EARNED SURPLUS

Balance as at August 1, 1934	\$656,491.48
<i>Deduct—</i> Additional income tax in respect of prior years	10,058.40
	<u>\$646,433.08</u>
<i>Add—</i> Net Profit for the year ending July 31, 1935, as above	569,520.41
	<u>\$1,215,953.49</u>
<i>Deduct—</i> Dividends paid during the year	298,526.33
<i>Balance as at July 31, 1935</i>	<u><u>\$917,427.16</u></u>

